BANK OF CANADA
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Senior Loan Officer Survey

on Business-Lending Practices in Canada

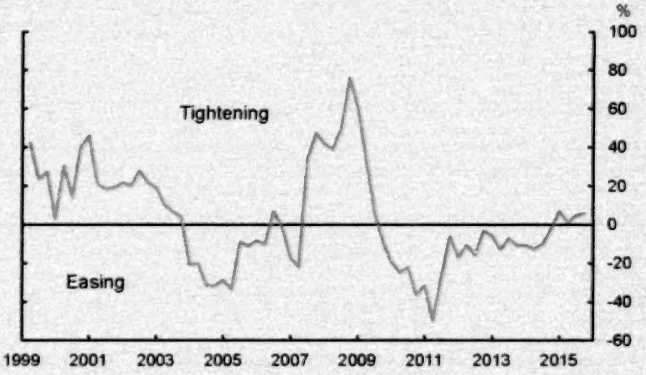
Results of the Fourth-Quarter 2015 Survey | Vol. 8.4 | 11 January 2016

This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the fourth quarter of 2015.

- Survey results suggest that overall business-lending conditions tightened slightly during the fourth quarter (**Chart 1**). This was driven by a tightening of non-price conditions, while price conditions were almost unchanged (**Chart 2**).[1,2]
- Similar to the third-quarter survey, the tightening in lending conditions was almost exclusively concentrated in the oil and gas sector.
- Both price and non-price conditions tightened for corporate borrowers but showed no change for small business and commercial borrowers.
- Overall demand for credit was roughly unchanged, albeit with a slight tendency toward lower demand from all categories of borrowers.
- Accessibility to capital markets for non-investment-grade corporate borrowers decreased in the fourth quarter of 2015 but remained unchanged for prime and other investment-grade borrowers.

Chart 1: **Senior loan officers reported that overall lending conditions for Canadian non-financial firms tightened slightly...**

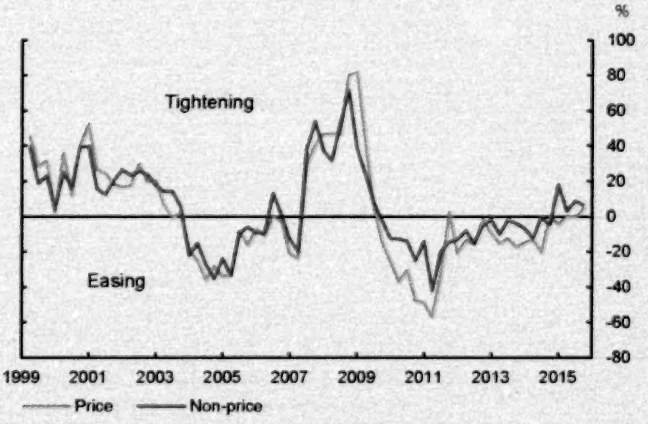
Overall business-lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: **...driven by a tightening in non-price conditions**

Price and non-price lending conditions: Balance of opinion[a]



a. The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

[1] The SLOS defines the pricing of credit as spreads over base rates rather than as the level of rates.

[2] Note that the balance of opinion suggests only the direction of the net change in lending conditions; it does not provide information on the magnitude of the change.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The fourth-quarter survey was conducted between 7 and 11 December 2015. Additional information on the survey is available on the Bank of Canada's website. The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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